



## Florida House of Representatives

Council for Healthy Communities  
Committee on Health Regulation

Tom Feeney  
Speaker

Frank Farkas, D.C.  
Chair

July 23, 2001

Ms. Laura Branker, Acting Secretary  
Agency for Health Care Administration  
2727 Mahan Drive  
Mail stop 1  
Tallahassee, FL 32308

Re: Committee on Health Regulation Interim Study for 2001-2002

Dear Secretary Branker:

The federal government investigated and brought charges against End Stage Renal Disease (ESRD) providers for allegations of filing false claims and other inappropriate billing practices in Florida. Several of these corporations agreed to a settlement agreement with the federal government.

Because of complaints presented to the 1999 Legislature, the Legislature directed the Agency for Health Care Administration (AHCA) to investigate the relationship between dialysis centers, the centers' medical directors, and the laboratories that serve dialysis patients. As you may be aware, information obtained through the surveying of numerous dialysis centers serving End Stage Renal Disease (ESRD) patients in Florida and the subsequent Report relied heavily on voluntary cooperation of these facilities. The agency released the Report on February 1, 2000, which concluded that additional review and resources were necessary to complete the study. The 2000 Legislature then appropriated \$230,000 to fund a contract with the University of South Florida (USF) to address those concerns, including:

- laboratory test utilization;
- financial arrangements among dialysis centers, their medical directors, and any business relationships and affiliations with clinical laboratories;
- any self-referral of dialysis patients to clinical laboratories; and
- the quality and responsiveness of clinical laboratory services for dialysis patients.

Late in the 2001 legislative session, USF released "The 2001 Florida Dialysis Study". In this study, USF recognized that, "While all of the Legislature's stated concerns could not be addressed due to lack of subpoena power and the absence of mandatory standardized reporting

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requirements for dialysis organizations, this study has provided important and useful insight into areas of potential fraud..." thereby requiring further review by the Legislature. The 2001 Legislature addressed one of the concerns raised by "prohibiting rebate or split-fee arrangements with dialysis facilities for patient referrals to clinical laboratories."

Due to the inconclusive information in the two reports, Speaker Tom Feeney has authorized an interim study concerning this issue. The project will review and analyze the two aforementioned studies and examine the need for the exemption granted to certain clinical laboratories pursuant to ss. 483.031, 483.041, and 483.105, F.S.

In addition, I have asked my committee staff to contact your legislative planning office to schedule an initial conference for next week. Our goal is to have a preliminary report completed by the beginning of September. I respectfully request the cooperation of your department, and the organizations with which you contract, to conclude a thorough study in this short timeframe.

If you have any questions regarding this study, please contact Lucretia Shaw Collins, Staff Director, or Lisa Rawlins Maurer, Legislative Analyst, at 487-3771, or contact me in my district office at (727) 893-9855. I look forward to working with you to ensure that the highest quality of service is provided to current and future health patients for whom the system is designed to treat and protect.

Sincerely,

A handwritten signature in cursive script that reads "Frank Farkas". To the right of the signature is a small circular stamp containing the letters "FF".

Frank Farkas, D.C.  
Chair

FF/lm

cc: The Honorable Robert Brooks, Secretary, Department of Health  
The Honorable Sandra Murman, Council Chair, Council for Healthy Communities  
The Honorable Burt Saunders, Chair, Senate Health, Aging & Long-Term Care  
Committee  
Michael Hansen, Executive Office of the Governor, Office of Planning and Budgeting  
Tanya Williams, Executive Director, Board of Medicine  
Joe Baker, Executive Director, Board of Clinical Laboratory Personnel  
Pat James, Health Services and Facilities Consultant Supervisor, BSMA; AHCA